

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6551

BILL NUMBER: HB 1531

DATE PREPARED: Feb 3, 1999

BILL AMENDED: Feb 2, 1999

SUBJECT: Education personnel issues.

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill adds final offer mediation-arbitration as an alternative method of collective bargaining for education personnel. It includes Ivy Tech State College as a school unit required to bargain collectively with employees. The bill also authorizes the Indiana Education Employment Relations Board (IEERB) to issue certain orders and impose certain requirements on a person who commits an unfair practice.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) This bill retains the current system for collective bargaining but adds final offer mediation-arbitration when impasses occur. The estimated additional cost to the IEERB associated with implementation of this bill is \$253,215 per year, and the total savings the Board would realize would be approximately \$146,600. The net increase in expenditures would be \$107,215 per year (\$253,215 - \$146,600).

This bill adds collective bargaining for employees of Ivy Tech State College, however, the estimates presented above do not include costs associated with the addition of these workers. The IEERB feels that Ivy Tech employees could not be covered by the current staff and resources of the Board. Depending on how these employees organize, it is estimated that IEERB would require \$5,000 to \$8,000 annually to coordinate unfair practices and impasse procedures. IEERB may also require temporary additional support during the establishment of employee organizations and elections at Ivy Tech.

Expenses: The estimated increase in expenses would be \$253,215 per year. This amount is based on the projected cost of mediation services multiplied by the expected number of mediations required per year. The estimates assume that this option will be used by approximately 25% of the bargaining units covered by this bill (based on current practice). Usage below this level would likely decrease the net costs resulting from this

bill.

The cost of a mediator is conservatively estimated at \$375 per day. The average number of days per case, given the bill's seven (7) day limit on the actual mediation, would be approximately eleven (11) days (7 for mediation, 1 for hearings, 2 for writing and 1 for travel). Additional expenses per case include travel (\$112 per case), lodging (\$520 per case), and per diem allowance (\$208 per case). This results in a total expense of \$4,965 per case.

Of the 306 units that may bargain under this bill, about 66% of these parties have not reached agreements over the past ten years without using current impasse procedures. As 25% of these units are expected to use the mediation-arbitration process, the annual projected number of cases is 51 ($306 \times 66\% \times 25\%$). This results in a projected cost of \$253,215 per year ($51 \text{ cases} \times \$4,965 \text{ per case}$).

Note: This analysis assumes that arbitrators can be obtained at \$375 per day. Due to the small number of people in Indiana qualified as arbitrators, the relative pay rate compared with other states, and the time lines required by this proposal, \$375 per day may be too low to attract the necessary number of arbitrators. Arbitrators in other states are reported to receive at least \$450 per day with more experienced arbitrators receiving \$500 to \$750 each day. The actual fiscal impact of this bill would also depend upon the average payment necessary to attract a sufficient number of arbitrators.

Savings: If the current impasse procedures were no longer used, a savings of \$146,000 could be generated each year. This is due to a reduction in salary and benefits (\$86,600 for two staff members) and ad hoc expenses (\$50,000). Any savings resulting from the staff reduction could be delayed if accomplished through attrition. Staff travel for mediation and fact-finding procedures conducted under the current system would also be cut, saving approximately \$10,000. Further savings may result if this bill substantially reduces the time required to bargain and resolve labor disputes.

Explanation of State Revenues:

Explanation of Local Expenditures: There could be a fiscal impact for school corporations if this bill alters the time required to resolve labor disputes or if corporations were required to accept agreements they would have rejected under the current system.

Explanation of Local Revenues:

State Agencies Affected: IEERB, Ivy Tech State College.

Local Agencies Affected: School corporations.

Information Sources: Dennis Neary, Chairman, IEERB, (317) 233-6620.